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THE BUSINESS OF B.C. HYDRO

British Columbia Hydro and Power Authority is a provincial Crown Corporation. The third largest electric utility in Canada, B.C. Hydro serves almost 1.5 million customers in an area containing over 93 per cent of British Columbia's population. Between 43 000 to 50 000 gigawatt-hours of electricity are generated annually, depending upon prevailing water levels, with over 70 per cent produced by major hydroelectric generating stations on the Columbia and Peace Rivers. Electricity is delivered to customers through an interconnected system of over 68 000 kilometres of transmission and distribution lines.

B.C. Hydro's Board of Directors is appointed by the Lieutenant-Governor in Council and is responsible for the overall management of the company.

LETTER FROM THE CHAIRMAN

On behalf of the Board of Directors and all the employees of B.C. Hydro it is a pleasure to submit our 1991 Annual Report, one which underlines the continuing strength of the corporation. We are particularly proud of the leadership role we have been able to assume in the field of energy conservation, developing a range of programs that are being followed by more than a dozen utilities across Canada.

The financial results for the year ended March 31, 1991 show a net income of $207 million, the largest in our history. This record was largely due to increased customer growth, continuing cost containment and substantially reduced finance charges. While our net income has improved, we are still earning a rate of return on invested capital below that expected of an investor-owned utility. Over the past six years our electric rates have increased by only six per cent on a cumulative basis, or on average only one per cent a year. This has been insufficient and, more importantly, has allowed the price of electricity to decline relative to inflation. This is counter-productive to our efforts to encourage people to conserve on their use of energy.

The theme of this report is characterized by three words: responsive, efficient and responsible and reflects the major thrusts of B.C. Hydro's efforts in the production and distribution of electricity for the people of British Columbia.

Being responsive to customer needs is our most important job. At Hydro, the main focus of responsiveness is listening to our customers and to the community at large. In producing and distributing electricity in British Columbia, the simple expedient of finding the most economical solution and selling it to the public is no longer acceptable. The consultation process must begin early if the public is to be given the option of choosing the most acceptable solution when all factors are taken into consideration. We are making major steps in that direction.

B.C. Hydro continues to strive for increased efficiency. We are proud of the fact that in the past year, significant gains have been made in reducing the overall cost of providing a kilowatt-hour of electricity, which is the ultimate measure of our efficiency.

However, we must also be careful to ensure that we do not reduce costs at the expense of proper maintenance levels which could reduce our electric system's reliability.

We are acutely aware of our responsibility to meet customer needs in a timely and efficient manner. This is our primary job but to do it in a responsible manner, we must be especially sensitive to the impact of our work on the environment. That is why a special committee of the Board of Directors has been struck. The committee's mandate is to take a continuing interest in anything the company does that has an environmental component. An audit program has also been established to enable us to verify the impact of our actions as we work towards a clean and healthy environment.

I am also very pleased to report Hydro won the 1991 award for innovative management from the Institute of Public Administration of Canada. This significant recognition is a credit to all Hydro employees and to the leadership provided by L.I. (Larry) Bell, who served as Chairman from June 1987 to February 1991. His energy and vision made a great contribution to the corporation.

B.C. Hydro will continue in its quest to provide the highest level of service to the province's consumers of electricity in a responsive, efficient and responsible manner.

W. Robert Wyman
Chairman and Chief Executive Officer

FINANCIAL AND OPERATING HIGHLIGHTS

for the years ended or as at March 31

(dollar amounts in millions)

	1991 Plan*	1991 Actual	1990 Actual	1989 Actual	% Variance 1991 over Plan*	1991 over 1990	1990 over 1989	1989 over 1988
Revenues								
Domestic	$ 1,835	$ 1,814	$ 1,706	$ 1,660	(1)	6	3	8
Electricity trade	73	95	115	109	30	(17)	6	(41)
	$ 1,908	$ 1,909	$ 1,821	$ 1,769	—	5	3	3
Expenses								
Operations, maintenance and administration	$ 347	$ 339	$ 350	$ 269	2	3	(30)	(4)
Finance charges and depreciation	1,007	968	970	1,089	4	—	11	(5)
Cost of energy and taxes	399	395	405	344	1	2	(18)	1
	$ 1,753	$ 1,702	$ 1,725	$ 1,702	3	1	(1)	(4)
Income								
Domestic	$ 135	$ 166	$ 55	$ 10				
Electricity trade	20	41	41	57				
Other			64	19				
	$ 155	$ 207	$ 160	$ 86	34	29	86	56
Fixed assets (net book value)	$ 8,509	$ 8,449	$ 8,345	$ 8,245	(1)	1	1	1
Long-term debt	$ 7,015	$ 6,858	$ 6,727	$ 6,774	(2)	2	(1)	(12)
Debt to equity ratio	80:20	79:21	80:20	80:20				
Interest coverage	1.17	1.26	1.20	1.09				
Return on invested capital	11.3%	11.3%	11.2%	11.1%				
Return on equity	9.1%	12.0%	9.6%	5.8%				

UNIT PERFORMANCE

(cents per kilowatt-hour sold)

Domestic								
Revenues	4.50	4.48	4.37	4.39	—	3	—	3
Expenses								
Operations, maintenance and administration	0.85	0.84	0.90	0.71	1	7	(27)	—
Finance charges and depreciation	2.47	2.39	2.49	2.88	3	4	14	—
Cost of energy and taxes	0.85	0.84	0.85	0.77	—	—	(10)	—
	4.17	4.07	4.24	4.36	2	4	3	—
Operating income	0.33	0.41	0.13	0.03				
Electricity trade								
Revenues	2.81	2.73	3.10	2.23	(3)	(12)	39	15
Cost of energy	2.04	1.55	2.00	1.06	24	23	89	36
Operating income	0.77	1.18	1.10	1.17				

*1991 Plan information was extracted from the Corporate Business Plan 1991 to 1993 issued May 1990.

FINANCIAL AND OPERATING HIGHLIGHTS

for the years ended or as at March 31

	1991 Plan*	1991 Actual	1990 Actual	1989 Actual	% Variance 1991 over Plan*	1991 over 1990	1990 over 1989	1989 over 1988
Electricity sold (gigawatt-hours)								
Domestic								
Residential	**11 371**	**11 370**	10 880	10 802	–	5	1	8
General	**13 031**	**13 065**	12 661	12 377	–	3	2	6
Transmission	**15 008**	**14 879**	14 463	13 606	(1)	3	6	1
Other	**1 306**	**1 197**	1 026	1 048	(8)	17	(2)	5
	40 716	**40 511**	39 030	37 833	(1)	4	3	5
Electricity trade	**2 600**	**3 480**	3 713	4 884	34	(6)	(24)	(48)
Total	**43 316**	**43 991**	42 743	42 717	2	3	–	(6)
Peak one-hour demand								
Demand (megawatts)		**8122**	7373	7465				
Date		**Dec 20, 90**	Jan 31, 90	Feb 2, 89				
Number of customers	**1 288 065**	**1 289 590**	1 264 557	1 233 632	–	2	3	2
Number of employees	**6081**	**6070**	5761	5187	–	5	11	(4)

CORPORATE STRATEGIC PLATFORM

B.C. Hydro's vision, mission, objectives, values and principles provide the framework within which the company operates.

Our VISION is that:

B.C. Hydro will be a commercial, public enterprise enhancing the quality of life and productivity of the people of British Columbia:

- through an integrated electric business supported by a dynamic network of autonomous business units; and
- with highly qualified, empowered people who are committed to innovative work patterns and lifelong learning.

B.C. Hydro's CORPORATE MISSION is:

To support the development of British Columbia through the efficient supply of electricity.

Five OBJECTIVES have been established to support this mission:

- To maximize our contribution to the economic development of British Columbia
- To minimize the impact of our activities on the natural environment
- To be the most efficient utility in North America
- To be a superior customer service company
- To be one of the best employers in British Columbia

Employees of B.C. Hydro share COMMON VALUES:

- Integrity: our actions match our words.
- Innovation: we try new ideas and learn from our mistakes.
- Commitment: our enthusiasm is contagious.
- Teamwork: we work together towards shared goals.
- Empowerment: each empowered team defines its own values.

The BUSINESS PRINCIPLES that guide our actions are:

- Customer focused
- Results oriented
- Market competitive
- Excellence driven
- Environmentally responsible
- Community sensitive
- Safety conscious

1991 BUSINESS PERFORMANCE

In last year's Annual Report and Corporate Business Plan, B.C. Hydro identified three key challenges to meeting the growing energy needs of British Columbia in the 1990s:

- Maintaining a balanced approach to development
- Improving responsiveness to the marketplace
- Increasing corporate efficiency

B.C. Hydro measures its progress in meeting these challenges by comparing actual achievements to key performance indicators. Performance indicators included on the charts in this report are the planned, or 'expected', level of performance.

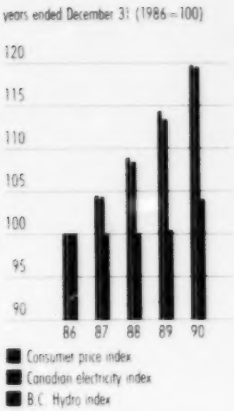
Maintaining a balanced approach to development

Environmental Innovation

In October 1990 B.C. Hydro established a corporate objective 'to minimize the impact of our activities on the natural environment'. Over 50 environmental programs and initiatives are being implemented throughout the organization to manage our resources in a manner which minimizes their environmental impact and promotes environmental awareness among employees and customers. In addition, Hydro believes electricity pricing should be used as a policy tool to encourage energy conservation, thereby reducing the environmental impact of meeting the province's growing demand for electricity.

Residential Electricity

Price Indices



Electricity Pricing

B.C. Hydro believes the pricing of electricity should encourage conservation and the efficient use of energy. Rates must reflect the fact that the cost of new electricity supply will be higher, both in economic and environmental terms. Real electricity rates (after adjusting for inflation) must be maintained or increased to encourage conservation.

During the year, the British Columbia Utilities Commission confirmed a three per cent rate increase that had been in effect since November 15, 1989. The Commission also halved two additional proposed rate increases to 1.5 per cent each, effective April 1, 1990 and April 1, 1991. These

approved rate increases are well below the rate of inflation. As a result, B.C. Hydro's rates remain among the lowest in Canada. Our average residential rate of 5.6 cents per kilowatt-hour has declined by 15 per cent over the past five years after inflation is taken into account.

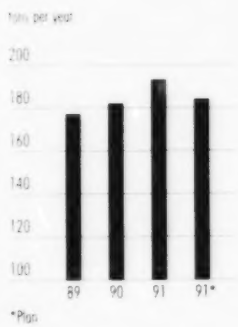
In countries where average energy rates are higher than in B.C., consumption is generally much lower. Rates in Japan, for example, are almost four times those in British Columbia. In Germany they are almost three times higher, and on average in the United States almost double.

Hydro is working on developing an appropriate rate strategy for the future and has proposed a rate structuring strategy that encourages conservation.

Environmental programs

Initiatives aimed at minimizing environmental impacts are an important part of responsible resource management and corporate leadership. Hydro has implemented specific programs to deal with waste management and natural and social resources.

Waste Paper Recycled



Hydro's waste management strategy focuses on reducing waste, reusing materials and recycling waste materials. Vehicle exhaust emissions are being reduced by replacing older vehicles and by establishing emission control, testing and maintenance procedures.

To January 1991, approximately 3.5 million litres of transformer oil containing trace amounts of PCBs has been decontaminated for reuse in electrical equipment. Recycling cardboard, office and computer paper has become a routine practice at all offices.

Strategies designed to protect and enhance the natural resources of British Columbia include vegetation, fish and reservoir management. Vegetation management uses control techniques that have minimal impact on the environment to reduce power outages caused by falling trees and to maintain access to power lines. The principal objective of this strategy is to optimize biological control of rights-of-way. For example, low-growing, deciduous trees and brush are used to discourage the growth of tall-growing species.

Fish and reservoir management programs are designed to ensure the maintenance of fish stock and water quality. To date, Hydro has established 11 fish enhancement programs. A comprehensive program to remove debris from reservoirs promotes environmental protection and increases the recreational value of reservoirs and surrounding areas.

Electricity Choices

The 'Electricity Choices' initiative is an ongoing process involving the public, local and regional governments and B.C. Hydro in planning for future electricity needs. This initiative was established to improve the public's understanding and awareness of the electricity needs that their communities and Hydro face, and to review the choices that are available to meet those needs. It presents new challenges to Hydro and the public to work together, share ideas and values, and make decisions for the future. Through a shared understanding, choices about how to meet future electricity requirements will reflect the values of all concerned.

Energy Innovation

Today, as British Columbia's demand for electricity is moving beyond the available supply, the objective is to look for solutions that minimize environmental and financial impacts. The focus of our resource management strategy is to make the most cost effective use of existing supply and demand-side options. Key initiatives include Power Smart, Resource Smart and non-utility generation, with the success of these programs meaning that the growing demand for electricity over the next 10 years can be met. As well, projects on the Peace River (Site C) and the Columbia River (Keenleyside) have been brought to a 'shelf-ready' status, ready to proceed as needed in the future.

Power Smart

The Power Smart initiative comprises 27 programs directed at residential, commercial and industrial customers. Each program is designed to reduce the future demand for electricity by encouraging more efficient energy use. This initiative, started in 1989, has already achieved annual energy savings of 280 million kilowatt-hours, or enough power to meet the energy needs of approximately 28 000 homes. Overall public awareness of Power Smart in B.C. is now 88 per cent, up from 57 per cent at the end of the first year. Among the highlights of the program was the success of 'Power Smart Month' in November 1990, when extensive advertising encouraged British Columbians to be energy conscious and participate in 'Power Smart Night' on November 14 by switching off all unnecessary lights. The estimated saving from that one 'Power Smart Night' was 244 000 kilowatt-hours, equivalent to the annual energy consumption of 24 homes.

Resource Smart

There are 30 hydroelectric generating stations in B.C. Hydro's integrated system. Resource Smart programs focus on improving the existing capacity and energy potential of these facilities at a cost below that of building a new facility. There is also minimal environmental impact from enhancing existing facilities. One current project is the upgrade of turbines at the Kootenay Canal Generating Station. The upgrade, at a cost of $37 million, adds 110 million kilowatt-hours per year to the integrated system, equivalent to the annual energy needs of 11 000 homes.

There are 12 Resource Smart projects currently underway, which will increase annual capability by 250 million kilowatt-hours. At the end of fiscal 1991, the cumulative energy gain from the 10 Resource Smart programs that have been completed was equivalent to the annual energy consumption of 80 000 homes.

Non-Utility Generation

B.C. Hydro has implemented two major initiatives designed to increase the amount of electricity generated by the private sector: self-generation and Independent Power Producers.

Self-Generation

Self-generation programs encourage industrial customers to generate more of their own energy so that power previously consumed by them becomes available for use by other customers. Some customers are able to generate enough electricity to not only meet their own needs, but also to sell their surplus energy to B.C. Hydro. Self-generation benefits both the customer and Hydro. The customer benefits because their electricity bills are reduced and Hydro benefits because existing power is freed up to meet other needs, allowing deferral of more costly hydroelectric projects.

Hydro is offering both technical and financial assistance to pursue self-generation opportunities. During the year, a $115 million interest-free loan was extended to a major pulp mill to generate its own electricity using woodwaste. An agreement has also been reached for the development of an $11 million natural gas fuelled facility at a major hospital. Under both agreements, Hydro will purchase electricity surplus to the customers' requirements. In addition, proposals have been received for small-scale hydro, natural gas and woodwaste generation projects.

Independent Power Producers

Hydro is joining forces with a number of companies through the Independent Power Producers (IPPs) initiative. Under this program, privately owned facilities generate electricity and sell it to B.C. Hydro. Over the past two years, over 20 major proposals from prospective IPPs have been evaluated. Contracts signed include a cogeneration facility in Taylor, a woodwaste-fuelled facility in Williams Lake and a hydroelectric facility near Squamish. On completion, these projects will provide approximately 1500 million kilowatt-hours annually, or three per cent of B.C. Hydro's electricity requirements in fiscal 1991.

Improving responsiveness to the marketplace

Developing and maintaining superior customer service is the key objective of programs designed to improve Hydro's responsiveness to the marketplace. Specific programs and action plans address public safety, system reliability, and responsiveness to customers.

Public Safety

B.C. Hydro is committed to ensuring public safety when working with or around electric power facilities. For instance, Hydro has teamed up with the Justice Institute of B.C. to distribute educational videos and booklets to police, fire and ambulance stations throughout the province on the handling of electrical wires in the event of an accident. Unfortunately, although the number of accidents had declined in fiscal 1989 and 1990, accidents rose in fiscal 1991 despite our continuing emphasis on school, training and promotional programs.

System Reliability

Our system reliability was severely tested this winter when unprecedented storm conditions resulted in record load demands for electricity and major power outages.

Another reliability problem is overgrown brush and trees along power lines, which cause about half of B.C. Hydro's power outages. These challenges, combined with the rugged terrain and long distances travelled by Hydro crews to maintain power, resulted in a decline in our distribution system reliability compared to the previous year.

Average System Availability Index (ASAI)

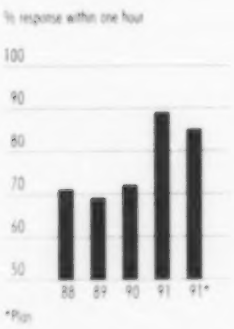
ASAI is the percentage of the total time that power is available to customers. During 1991 B.C. Hydro recorded an average system availability of 99.9471 per cent, down from last year's average availability of 99.9751 per cent, due mainly to severe winter storms.

Maintaining a safe, reliable system is one of Hydro's key priorities. Over the next several years, Hydro will be implementing a strategic maintenance plan to reduce the backlog of preventive maintenance on generation, distribution, substation and transmission facilities and address major rehabilitation work on aging equipment and facilities.

Responsiveness to Customers

A full review involving customers and employees was conducted to study the problems experienced during this past winter's unprecedented storm conditions and identify improvements to be made in handling such situations. The review investigated the time required to restore power, availability of qualified staff and contractors, system vulnerabilities during extreme weather conditions and supply of power to customers during periods of high demand.

Emergency Call Response



Major recommendations of the review included improvements to trouble reporting, an upgrade to the telephone system and implementation of an electronic trouble order system. Hydro is developing an action plan to implement the majority of these recommendations, including the commitment of funding for the upgrade of the mobile radio system.

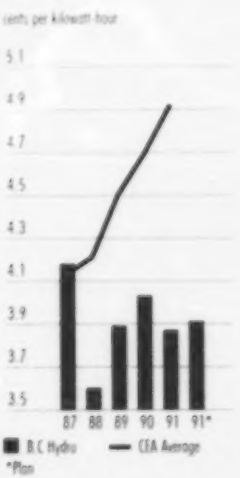
Increasing corporate efficiency

B.C. Hydro is committed to improving the efficiency and effectiveness of its operations. Key strategies are aimed at improving productivity by managing costs and risks.

Unit Costs

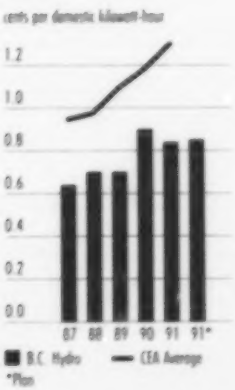
System unit cost is an overall indicator of corporate efficiency. B.C. Hydro's cost per unit of electricity continues to be one of the lowest of Canadian utilities. For fiscal 1991 system unit cost was 3.87 cents per kilowatt-hour, better than the forecast of 3.91 cents and significantly lower than the CEA average of 4.92 cents.

Total System Unit Cost



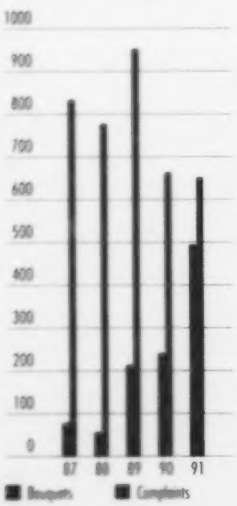
The improvement in system unit cost is a result of effective cost control efforts, particularly in finance charges, and was achieved despite additional spending required for winter storm damage and the amortization of Site C, Keenleyside and Murphy Creek project costs.

Operations, Maintenance and Administration Expenses



A more specific measure of corporate efficiency is operations, maintenance and administration (OMA) unit cost. OMA costs are the direct costs incurred in providing electric service and include labour, materials and outside service costs. Hydro's OMA costs are on a downward trend and achieved a unit cost of 0.84 cents per kilowatt-hour in fiscal 1991, an improvement of seven per cent over the 0.90 cents for fiscal 1990. These results are significantly below the CEA average of 1.25 cents per kilowatt-hour.

Number of Customer Bouquets and Complaints



Customer Bouquets and Complaints

Being effective means being efficient while also providing superior customer service. A good indicator of customer service is the number of telephoned and written complaints received by our Customer Service Group who deal directly with residential and general customers. During fiscal 1991 we received approximately 650 complaints, down slightly from 670 in 1990. We also received 563 bouquets, up from 240 in 1991.

Asset Management

The disposal of surplus properties places land back into the Province's economic development cycle as well as reducing Hydro's holding costs. The annual savings on $75 million of surplus property sales since 1988 are estimated at $8 million.

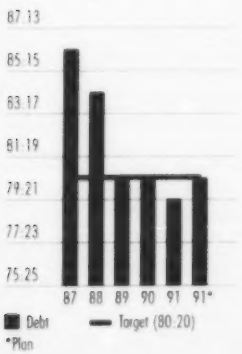
Inventory turnover is a measure of how efficiently stock required to meet ongoing activities is managed. With increasing customer growth and the requirement to maximize our service levels, improving our inventory turnover has been a challenge that Hydro has met by reducing overall inventory levels by more than $5 million from last fiscal year. Inventory turnover has improved from 3.0 in 1990 to 3.2 times in 1991.

Employee Productivity

An important measure of productivity is the volume of sales made per employee. For fiscal 1991 Hydro sold 8878 megawatt-hours per employee, a reduction of two per cent from the 9081 megawatt-hours of the previous year. This reduction is attributable to increased capital expenditures and Power Smart programs which do not directly contribute to increased sales.

Despite this reduction B.C. Hydro achieves one of the highest sales productivity figures of any CEA utility and is significantly above the CEA average for sales productivity of 5370 megawatt-hours per employee.

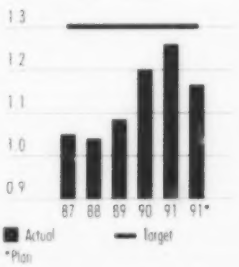
Debt to Equity Ratio



Financial Strength

The debt to equity ratio is a measure used to evaluate Hydro's capital structure and its overall financial strength. As a result of debt management programs focused on reducing debt levels and our exposure to foreign exchange rate fluctuations, Hydro achieved a debt to equity ratio of 79:21, better than our forecast of 80:20.

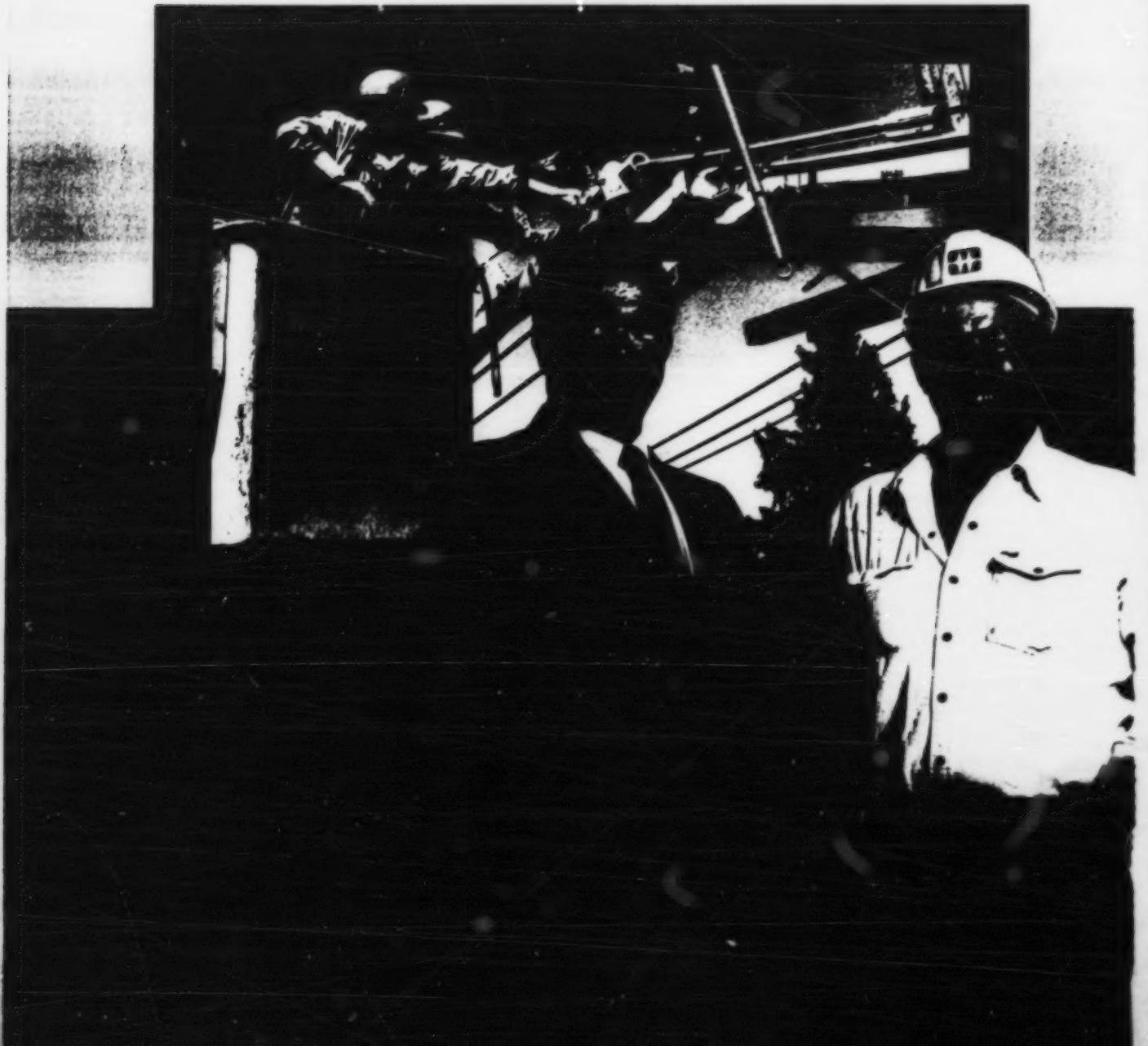
Interest Coverage



Our interest coverage ratio improved from 1.20:1 in fiscal 1990 to 1.26:1 in 1991, better than our forecast of 1.17:1, partially due to the decreased level of finance charges.

Responsible. Efficient. Responsive. These are the key characteristics of B.C. Hydro in the 1990s. Victoria line department driver / helper Bill Pearson, a member of the local CPR Society and St. John's Ambulance Cadet Brigade, is one of the more than 6000 employees whose actions – both on and off the job – demonstrate Hydro's commitment to these major initiatives. While on the job with his crew, Bill administered cardio-pulmonary

Cache Creek lineman Pete Slemko (below right) turned his experience with a live-wire [redacted] contact injury into a crusade promoting natural fibre clothing when working near electricity, earning him the 1989 Don McEwen Memorial Award. A recipient in 1982, Cariboo Area manager Pat McGuire (below left), as a line supervisor trainee, designed a safety training program resulting in three lost-time accident free years in the Victoria area. Attention to



Demanding more and more from Hydro's aging and complex generation, transmission and substation system while minimizing the ultimate cost of producing a kilowatt-hour of electricity has given rise to a five-year Production Maintenance Strategic Initiative to address the major maintenance work to ensure system reliability and efficiency. Project manager Jim Gothard (below right) is overseeing the implementation of the $110 million

Involving the community in finding ways to resolve the problem of dust blowing from the [redacted] *Arrow Lake reservoir bottom during times of low water has led to the formation of a Community Liaison Committee. Revelstoke mayor Geoff Battersby (below left) is a member of the Committee working with local resource people, B.C. Hydro representatives and independent consultants to determine long-term, cost-effective solutions to the problem.*

1991 FINANCIAL PERFORMANCE

for the years ended March 31
(dollar amounts in millions)

	1991 Plan*	1991 Actual	1990 Actual
Revenues			
Residential	$ 642	$ 642	$ 598
General	636	637	599
Transmission	451	448	420
Other	106	87	89
	1,835	1,814	1,706
Cost of energy	245	242	229
Gross margin	1,590	1,572	1,477
Operations, maintenance and administration	347	339	350
Taxes	101	99	102
Depreciation and amortization	212	229	202
Finance charges	795	739	768
	1,455	1,406	1,422
Operating income	135	166	55
Electricity trade income	20	41	41
Gain on sale of head office building			41
Net transfer from rate stabilization account			23
Net income	$ 155	$ 207	$ 160
Capital expenditures and deferred charges			
Generation, transmission and substations	$ 139	$ 94	$ 104
Distribution plant	129	154	135
Other capital	167	125	107
Power Smart	35	46	13
	$ 470	$ 419	$ 359
Return on invested capital	11.3%	11.3%	11.2%
Return on equity	9.1%	12.0%	9.6%

*1991 Plan information was extracted from the Corporate Business Plan 1991 to 1993 issued May 1990.

PERFORMANCE COMPARED TO PREVIOUS YEAR

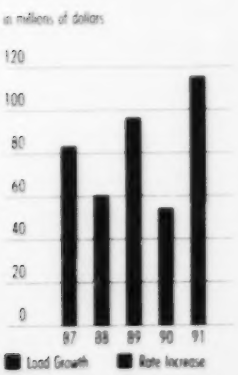
B.C. Hydro's net income improved by $47 million over fiscal 1990 as the result of exceptional revenue growth combined with our commitment to supply electricity as efficiently as possible.

Results of Domestic Operations

Revenues

Total domestic electric revenues increased by $108 million over the previous year. Record load demands were experienced during December 1990 when unusually cold winter conditions hit the province. The volume of electricity sold during the year increased by four per cent over last year, providing $61 million of the increase in revenues. Rate increases of three per cent effective November 15, 1989 and 1.5 per cent effective April 1, 1990 contributed to the remaining increase in revenues.

Changes in Domestic Electric Revenues



Residential Customers

The residential category represents 28 per cent of domestic sales and 88 per cent of all Hydro's customers. Total residential revenue for the year was $642 million, an increase of $44 million over last year.

Residential sales volume, after taking the impact of Power Smart programs into account, increased by five per cent over last year due to a combination of customer and load growth, contributing $25 million to revenues. The number of residential customers increased by two per cent over last year, with 26 482 new customers being added to the system.

The balance of the increase in sales volume is mainly due to the colder weather conditions throughout the province compared to last year. Power Smart programs directed at residential customers slowed the growth in sales volume, saving approximately 63 million kilowatt-hours this year. The related revenue reduction for the year was estimated to be $3 million.

Rate increases contributed $19 million of the increase in residential revenues over last year.

General and Commercial Customers

General and commercial customers represent 12 per cent of our customers and provide 35 per cent of domestic sales. Most of the volume growth was in the large commercial sector with increased volume providing $13 million. The number of new customers in the large sector grew by 946 or five per cent over last year, adding $19 million to revenues. However, average consumption per customer declined from last year, reducing revenues by $6 million. This decline in average consumption was helped by the success of our Power Smart programs.

Volume growth from the small commercial sector provided an additional $5 million in revenue over last year. The number of new customers in this sector decreased by 2884 from last year, but the average consumption per customer increased.

Rate increases contributed the remaining $20 million of the $38 million revenue growth in fiscal 1991.

Transmission Customers

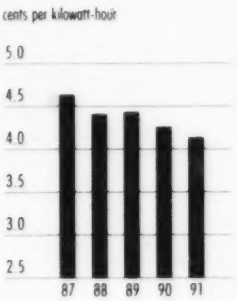
B.C. Hydro's 88 transmission customers provide 37 per cent of domestic sales volume, with the pulp and paper and mining industries representing almost 80 per cent of this category. Transmission revenues were $448 million, an increase of $28 million over last year.

Pulp and paper revenues increased by six per cent over last year, or $13 million, mainly due to expansion by a major customer. Demand from the mining sector grew by only one per cent with one mine closure during the year. Power Smart programs directed at transmission customers were also effective: an estimated $1 million of revenues related to Power Smart was saved by these customers during the year. Rate increases totalling $15 million in fiscal 1991 provided the balance of the growth in transmission revenues.

Total Operating Costs

Total operating costs were at a similar level to last year despite a four per cent load growth. Domestic system unit cost was reduced to 4.07 cents per kilowatt-hour from 4.24 cents the previous year, a four per cent improvement as the result of effective financial management efforts.

Domestic System Unit Cost



Cost of Energy

Cost of energy totalled $242 million for the year, an increase of six per cent over the previous year, principally due to the growth in sales volume. Water rentals of $199 million levied by the Province on the use of water in hydroelectric generation represent the largest component of cost of energy.

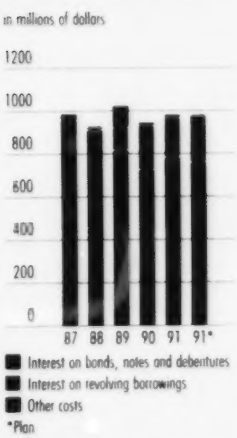
Expenses

During the year, emphasis was placed on controlling the level of operations, maintenance and administration expenses while adhering to our commitment to maintain system reliability. Operations, maintenance and administration expenses decreased by $11 million from last year to $339 million despite an increase in operating activity and the extraordinary repair costs caused by winter storm damage. Approximately $10 million spent on major maintenance at generating stations in fiscal 1990 did not recur this year.

Depreciation expense increased by $27 million over the previous year. About one-half of this increase is due to the higher capital spending resulting from customer growth. The remainder is comprised of the amortization of deferred project costs.

During the year, Hydro announced that construction of a dam at Site C had been deferred for an indefinite period of time and that the Keenleyside Dam and Murphy Creek projects were indefinitely deferred. The planning and study costs incurred on these three projects ($71 million) are being amortized over five years.

Gross Finance Charges



Finance Charges

Finance charges of $739 million were $29 million lower than the previous year despite a similar level of debt. This improvement is mainly due to favourable foreign exchange rates and innovative treasury management. The strength of the Canadian dollar reduced the cost of servicing U.S. dollar debt. Active management of revolving borrowings, including short-term borrowing and hedging in the U.S. dollar market also resulted in lower interest costs. The volume of revolving borrowings decreased from an average of $1,735 million in fiscal 1990 to $1,518 million in fiscal 1991. Adding to these interest savings, both the Canadian dollar temporary investment balance and return were higher this year compared to last year. The average balance increased by $172 million in fiscal 1991, while the return on temporary investments improved from an average of 11.4 per cent to 14.0 per cent.

Results of Electricity Trade

Electricity trade revenues decreased 17 per cent, or $20 million, over the previous year. The volume of sales and average prices were both down from last year, due in part to the above average water run-off in the Pacific Northwest which reduced trade potential. However, operating margins improved as the result of favourable prices on brokered energy. Electricity trade income was $41 million, the same amount achieved last year.

Hydro is working closely with other power producers and suppliers to establish a power exchange operation. This operation will facilitate the short-term exchange of electricity between producers and customers to make the most efficient use of existing electricity resources at rates determined by the marketplace.

Capital and Deferred Expenditures

Capital expenditures increased by $27 million in fiscal 1991 to $373 million. About one third of these expenditures were required to meet exceptional residential customer growth on the distribution system.

Spending on Power Smart programs was $46 million, and includes direct program costs in addition to the cost of testing and developing new initiatives. The 27 Power Smart programs are 'generating' additional electricity at less cost than if new generating facilities were required to meet load demand. Among the key Power Smart programs are: Refrigerator Efficiency; Energy Efficient Lighting; and High Efficiency Motors.

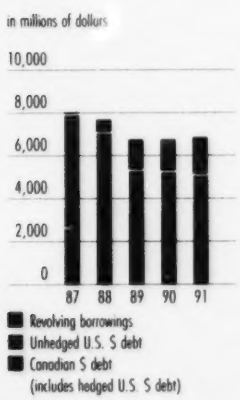
The increase of $33 million in Power Smart expenditures from 1990 reflects our commitment to encouraging efficient energy alternatives while promoting energy conservation.

Debt Management

Total Debt

Hydro's debt is held in Canadian and U.S. dollars at both fixed and floating interest rates. Our objective is to manage our debt position to minimize risk and reduce the overall cost of debt servicing. Since 1987 our net debt has fallen 15 per cent to $6,858 million. In addition, unhedged U.S. debt has dropped from 54 per cent of net debt to 18 per cent while floating rate debt has increased to 29 per cent from two per cent.

Long Term Debt Net of Sinking Funds



Canadian v. Foreign Debt

Our objective has been to substantially reduce our net exposure to U.S. debt. As at March 31, 1991 our net U.S. debt was U.S. $1,298 million, or 22 per cent of total debt. Our net foreign exchange exposure on debt as at March 31, 1991, after taking forward exchange contracts and currency swaps into account, was U.S. $1,040 million compared to U.S. $1,568 million as at March 31, 1990. As a result, a one cent change in the value of the Canadian dollar now impacts annual finance charges by $2 million compared to $9 million in 1986.

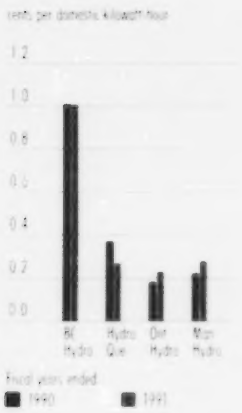
Fixed v. Floating Debt

Our objective is to manage the amount of short-term debt we have to minimize finance charges within an acceptable degree of risk. Accordingly, one of Hydro's financing strategies is to have between 15 and 30 per cent of debt in revolving borrowings. At March 31, 1991 our total floating rate debt was $2,569 million or 29 per cent of total debt compared to $1,997 million or 24 per cent at March 31, 1990. During the year, we were able to take advantage of lower interest rates by borrowing in the U.S. short-term market. Even after taking hedging premiums into account, the saving from borrowing in the U.S. short-term market was as much as four to five per cent per year.

Payments to the Province

B.C. Hydro is required to make annual distributions to the Province based on net income for the year. Distributions totalling $145 million were declared for the year ended March 31, 1991. The distributions to the Province are comprised of $31 million on the preferred funding and a $114 million general distribution.

Payments to the Province

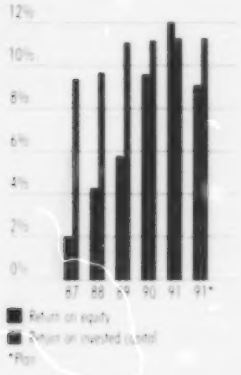


In addition to the annual distribution, B.C. Hydro makes payments for water rentals, school taxes and grants in lieu of general taxes. For the year ended March 31, 1991, these payments totalled $445 million, or 25 per cent of domestic revenues.

Regulation and Financial Ratios

B.C. Hydro's operations, including electric rates, are regulated by the British Columbia Utilities Commission, subject to any general or special direction of the Lieutenant-Governor in Council with respect to the exercise of its powers.

Returns on Equity and Invested Capital



In addition to the financial standards established by the Province, increased emphasis is being placed on returns on equity and invested capital to measure Hydro's financial performance relative to investor-owned utilities. Returns on equity of 12.0 per cent and invested capital of 11.3 per cent for fiscal 1991 continue to be below the average returns expected of investor-owned utilities. For instance, for the year ended December 31, 1990 the average returns on equity and invested capital of 10 major U.S. utility companies were calculated to be 15.4 per cent and 12.0 per cent respectively.

Interest Coverage

The interest coverage ratio is an indication of financial strength and ability to meet interest payments out of operating income. A special direction issued in October 1989 by the Lieutenant-Governor in Council stated that we should achieve an interest coverage ratio of 1.3:1 by fiscal 1991. Our interest coverage ratio improved in 1991 to 1.26:1 but fell short of the required target by approximately $30 million of net income. If Hydro had received the three per cent rate increase effective April 1, 1990 proposed in the last rate application, instead of the 1.5 per cent increase approved, the interest coverage ratio would have improved to 1.36:1.

Debt to Equity

Hydro has achieved a debt to equity ratio of 80:20 or better for the last three years. This is the maximum ratio required by the special direction issued and it is our objective to continue to maintain, if not improve, this ratio. Achieving and maintaining an appropriate debt to equity ratio assists in having a high credit rating with a consequent benefit to our cost of borrowing.

The debt to equity ratio is calculated in accordance with the requirements of the Commission. Debt comprises long-term debt less temporary investments, while equity includes retained earnings, preferred funding and deferred credits.

PERFORMANCE COMPARED TO PLAN

B.C. Hydro's actual performance compared to Plan reflects our efforts to achieve the financial Plan. The Plan was based on the major strategic initiatives adopted to meet the expected demand for electricity and the supply choices available.

Hydro's net income of $207 million was $52 million better than Plan. This strong financial performance was due mainly to savings in finance charges and a higher than planned operating margin from electricity trade.

Results of Domestic Operations

Domestic revenues were $1,814 million, $21 million below Plan. Residential and general revenues were on Plan while transmission revenues were $3 million under Plan, reflecting the closure of a major mine during the year. Other revenues were $19 million less than expected due to delays in the sale of a number of properties.

Although domestic revenues fell below Plan, domestic income was $31 million higher. This performance reflects cost-cutting measures that reduced operations, maintenance and administration expenses by $8 million. Taxes expense was $2 million favourable to Plan due to lower than forecast municipal tax rates. Depreciation expense was $17 million over Plan as the result of the amortization of deferred project costs. Finance charges were $56 million below Plan due to favourable foreign exchange rates, active treasury management and a lower than planned volume of borrowing activity.

Results of Electricity Trade

Electricity trade revenues were $22 million above Plan due to higher than expected short-term contract electricity sales. Above average precipitation in the Pacific Northwest did not reduce trade potential to the extent predicted and both the volume and average price of contract electricity sales were significantly above Plan. Despite the higher sales volume, Hydro's cost of electricity trade was similar to Plan, thereby boosting electricity trade income to $41 million.

Capital and Deferred Expenditures

Capital expenditures of $373 million were $62 million below Plan. Expenditures on generation, transmission and substations of $94 million were $45 million under Plan due to deferred construction and rescheduling. Distribution plant expenditures of $154 million, which were almost exclusively customer driven, exceeded Plan by $25 million. Spending on other capital was $32 million below Plan, largely due to delays in the new corporate building program which will be caught up in fiscal 1992.

Based on the very positive and wide acceptance of Power Smart programs by our customers, Power Smart expenditures of $46 million exceeded Plan by $11 million. This increased level of expenditure reflects our commitment to have our customers be more efficient users of electricity.

CORPORATE BUSINESS PLAN

The Corporate Business Plan is a summary of the company's strategies for the 1992 to 1994 fiscal years and explains the resource allocation to support corporate initiatives. The Plan focuses on teamwork initiatives in five areas that will allow B.C. Hydro to respond to the opportunities and challenges ahead.

Key Teamwork Initiatives

People Teamwork: Building Team 2000

This human resource strategy will guide B.C. Hydro into the next century when a market-driven and flexible organization will require a highly skilled, flexible and motivated workforce. Building Team 2000 has three strategic thrusts: Balancing the Workforce, Strengthening the Team and Building the Culture.

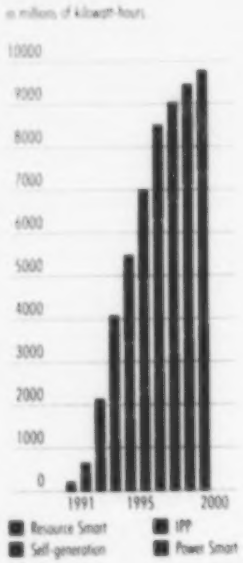
Service Teamwork: Strategic Maintenance Plan

To further improve service to our customers and ensure a high level of electric system reliability a strategic maintenance plan will be implemented in 1992. This program is in addition to annual maintenance expenditures of $145 million.

Supply Teamwork: Supply and Demand Options

To ensure a reliable supply of electricity in the future B.C. Hydro has adopted a balanced development strategy. This strategy contemplates the impact on the environment as well as cost, and includes demand reduction programs that will allow Hydro to defer more costly hydroelectric projects.

Supply and Demand Alternatives



Hydro is also encouraging the development of Independent Power Producers whereby the private sector invests in the generation of electricity for sale to Hydro. In addition, self-generation opportunities are being investigated so that some of our larger customers may satisfy some or all of their own energy requirements.

Environmental Teamwork: Corporate Environmental Audits

To ensure the impact of our activities on the environment is minimized, an environmental audit program will be implemented during fiscal 1992 to ensure compliance with environmental regulations and the appropriate management of public health and safety risks. Also beginning in fiscal 1992 will be environmental reviews of existing generating facilities and equipment, and publication of our first annual report on the environment detailing corporate environmental activities for the previous year.

Financial Plan

Financial Performance

	Plan*		
	1992	1993	1994
Return on equity	10.4%	6.7%	(0.5%)
Return on invested capital	10.8%	9.7%	8.6%
Interest coverage	1.20	1.11	0.94
Domestic revenue growth	3.1%	2.2%	1.3%
Total revenues**	$ 1,897	$ 1,903	$ 1,935
Net income (loss)**	$ 192	$ 131	$ (9)
Distributions to the Province**	$ 115	$ 69	$ 25
Borrowing**	$ 520	$ 600	$ 1,330

*Plan amounts do not include any unapproved rate increases
**dollars in millions

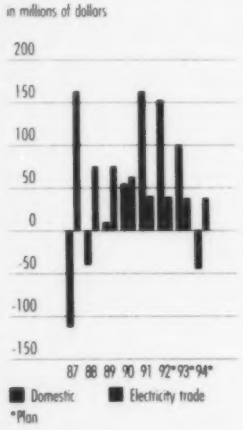
Financial Teamwork:

Electricity Rates

B.C. Hydro will be working, through the rate application process, to develop an appropriate rate strategy for the future to maintain financial health and increase financial flexibility and responsiveness. Electricity rates will have to be increased to meet the growing costs of maintaining an aging electric system, acquiring new energy supply and promoting demand side management programs.

The above reflects the deterioration expected in Hydro's forecast financial performance assuming no further rate increases. Rate increases approved for the fiscal period 1990 to 1992 were below inflation, resulting in a decline of approximately 10 per cent in the real price for electricity over the same period. Without further rate increases in fiscal 1992 to 1993, Hydro's financial performance will worsen significantly. The required interest coverage ratio of 1.3 will not be achieved, but rather will decline to 1.2 in 1992 and less than 1.0 by fiscal 1994.

Income



Revenue Increases

1992	1993	1994
4.6%	0.3%	1.7%

The increase in revenue in fiscal 1992 is primarily due to the effects of a 1.5 per cent rate increase on April 1, 1991 and expected load growth. Total revenues, without rate increases, are expected to increase only slightly in fiscal 1993 and 1994. One of the reasons for these modest increases is our

Power Smart and self-generation initiatives which are expected to moderate demand and reduce revenues by approximately $66 million.

Cost of Energy Increases

1992	1993	1994
–	3.3%	22.4%

While costs associated with energy generation are expected to increase significantly in 1994 when two large Independent Power Producers (IPPs) begin operations, the IPPs are a cost effective alternative compared to the cost of new electricity supply from other projects. Costs related to IPPs are forecast to be $56 million in fiscal 1994, a 21 per cent increase in the total cost of energy over fiscal 1993.

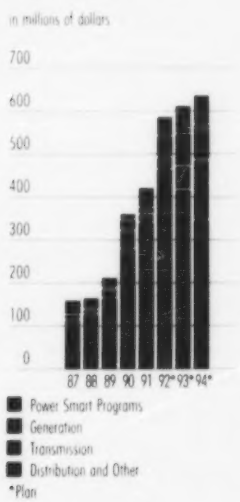
Total Expense Increases

1992	1993	1994
8.9%	5.2%	7.0%

Excluding Finance Charges and special maintenance funding

The increase in 1992 is due largely to higher taxes. Emphasis will continue to be placed on managing controllable expenditures to allow for customer growth while maintaining productivity improvements. Depreciation and amortization expense represents 2.8, 2.3 and 3.1 per cent of these increases in 1992, 1993 and 1994 respectively. By 1994 depreciation expense is expected to have increased 26 per cent from 1991 as additional fixed assets are placed in service and demand-side management costs increase.

Capital Expenditures and Deferred Charges



Capital Expenditures and Deferred Charges

in millions

1992	1993	1994
$ 585	$ 610	$ 635

Major expenditures include Resource Smart projects, Power Smart projects, expansion of the transmission system, ongoing dam safety rehabilitation and development of new corporate and regional facilities.

Further information is available from the Corporate Business Plan, which can be obtained from B.C. Hydro.

MANAGEMENT REPORT

The financial statements of B.C. Hydro have been prepared by management in accordance with accounting principles generally accepted in Canada, consistently applied and appropriate in the circumstances. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to the financial statements. The financial statements have also been reviewed by the Audit Committee and approved by the Board of Directors. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

Management depends upon a system of internal controls in order to provide reasonable assurance, on a cost-effective basis, that financial information is reliable and accurate. This system includes formal written policies and procedures, the careful selection and training of qualified personnel, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities. This system is monitored through the performance of a comprehensive internal audit program. Our external auditors also independently perform such tests of the system of internal controls as they consider necessary for the purpose of expressing their opinion on the financial statements. The Audit Committee, which is comprised of directors who are not employees, meets regularly with representatives of the external auditors, the internal auditors and management in order to satisfy themselves that B.C. Hydro's system of internal controls is functioning properly.

W. Robert Wyman
Chairman and Chief Executive Officer

Frank J. Klassen
Chief Financial Officer and Vice-President,
Finance and Administration

REPORT OF THE AUDITORS

The Lieutenant-Governor in Council, Province of British Columbia:

We have audited the consolidated balance sheets of British Columbia Hydro and Power Authority as at March 31, 1991 and 1990 and the consolidated statements of operations, retained earnings and changes in financial position for the years then ended. These consolidated financial statements are the responsibility of British Columbia Hydro and Power Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of British Columbia Hydro and Power Authority as at March 31, 1991 and 1990 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants
Vancouver, British Columbia
May 17, 1991

CONSOLIDATED STATEMENTS OF OPERATIONS

for the years ended March 31

(in millions)

	1991			1990		
	Domestic	Electricity Trade	Total	Domestic	Electricity Trade	Total
Revenues (Note 2)						
Residential	$ 642	$ –	$ 642	$ 598	$ –	$ 598
General	637	–	637	599	–	599
Transmission	448	–	448	420	–	420
Other	87	95	182	89	115	204
	1,814	95	1,909	1,706	115	1,821
Cost of energy (Note 3)	242	54	296	229	74	303
Gross Margin	1,572	41	1,613	1,477	41	1,518
Expenses						
Operations, maintenance and administration	339	–	339	350	–	350
Taxes	99	–	99	102	–	102
Depreciation and amortization	229	–	229	202	–	202
	667	–	667	654	–	654
Operating Income Before Finance Charges	905	41	946	823	41	864
Finance charges (Note 4)	739	–	739	768	–	768
Operating Income	$ 166	$ 41	207	$ 55	$ 41	96
Other income (Note 5)			–			64
Net Income			$ 207			$ 160

Certain 1990 figures have been reclassified to conform with the presentation used for 1991.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

for the years ended March 31

(in millions)

	1991	1990
Balance at beginning of year	$ 700	$ 681
Net income	207	160
	907	841
Less: Distributions to the Province (Note 6)		
Distribution on preferred funds	31	40
General distribution	114	101
	145	141
Balance at end of year	$ 762	$ 700

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

CONSOLIDATED BALANCE SHEETS

as at March 31
(in millions)

	1991	1990
ASSETS		
Fixed Assets (Note 7)		
Fixed assets in service	$ 11,099	$ 10,822
Less accumulated depreciation	2,960	2,730
	8,139	8,092
Unfinished construction	310	253
	8,449	8,345
Current Assets		
Temporary investments	132	207
Accounts receivable and unbilled revenues	337	293
Materials and supplies	42	45
Prepaid expenses	58	4
Property held for sale	15	15
	584	564
Deferred Charges and Other Assets		
Loan receivable (Note 8)	65	—
Demand Side Management programs	60	16
Foreign currency translation	43	59
Debt discount and issue costs	47	35
Deferred energy costs	9	30
	224	140
	$ 9,257	$ 9,049
LIABILITIES AND EQUITY		
Long-Term Debt (Note 9)	$ 6,858	$ 6,727
Current Liabilities		
Accounts payable	215	243
Accrued interest	262	272
Distributions payable (Note 6)	145	130
	622	645
Deferred Credits		
Deferred revenue	62	46
Contributions arising from the Columbia River Treaty	313	323
Contributions in aid of construction	405	373
	780	742
Preferred Funding (Note 6)	235	235
Retained Earnings	762	700
	$ 9,257	$ 9,049

Approved on Behalf of the Board:

W. Robert Wyman
Chairman and Chief Executive Officer

Sandra D. Sutherland, Q.C.
Director

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the years ended March 31

(in millions)

	1991	1990
OPERATING ACTIVITIES		
Operating income	$ 207	$ 96
Depreciation and amortization	238	212
Other non-cash items	15	(12)
	460	296
Working capital changes	(125)	231
Funds provided by operating activities	335	527
INVESTING ACTIVITIES		
Fixed asset expenditures	(373)	(346)
Contributions in aid of construction	52	40
Net proceeds from property sales	18	72
Loan receivable	(65)	–
Demand Side Management programs	(46)	(13)
Funds used for investing activities	(414)	(247)
FINANCING ACTIVITIES		
Bonds, notes and debentures		
– issued	728	777
– retired	(344)	(771)
Revolving borrowings	268	42
Sinking fund changes	(254)	(37)
Repurchased debt	(324)	(14)
Term debenture repayment	75	–
Funds provided by (used for) financing activities	149	(3)
DISTRIBUTIONS TO THE PROVINCE	(145)	(141)
(DECREASE) INCREASE IN FUNDS	(75)	136
FUNDS AT BEGINNING OF YEAR	207	71
FUNDS AT END OF YEAR	$ 132	$ 207

Funds at beginning and end of year consist of temporary investments.

Certain 1990 figures have been reclassified to conform with the presentation used for 1991.

Note 1 Significant Accounting Policies

British Columbia Hydro and Power Authority ("B.C. Hydro") is a Crown corporation of the Province of British Columbia (the "Province"). B.C. Hydro is regulated by the British Columbia Utilities Commission (the "Commission"). The accounting policies of B.C. Hydro conform to accounting principles generally accepted in Canada. A description of the significant accounting policies follows.

Consolidation

The consolidated financial statements include the financial statements of B.C. Hydro and all of its subsidiary companies. Principal subsidiaries of B.C. Hydro, all of which are wholly-owned, are Powertech Labs Inc., Western Integrated Technologies Inc., Westech Information Systems Inc., British Columbia Power Exchange Corporation, British Columbia Hydro International Limited, Power Smart Inc. and Columbia Estate Company, Limited.

Revenues

Domestic revenues represent sales of energy to customers within the Province and sales of firm energy to those outside the Province (mainly Seattle and Point Roberts, Washington and Hyder, Alaska) with whom B.C. Hydro has long-term commitments.

Electricity trade revenues are derived from energy sales other than those classified as domestic.

Customers are billed on a cyclical basis for energy deliveries with unbilled deliveries being accrued and included in revenues.

Pension Costs

The current service costs of pension benefits for the year, determined on an actuarial basis in accordance with the terms of the pension plan agreement, are included in pension expense. Pension expense also includes amortization of the cost of past service benefits, experience gains and losses, and the initial net pension surplus existing in 1987 when the current accounting policy for pension costs was introduced. The amortization is on a straight-line basis over the expected average remaining service life of pension plan members. Pension fund investments are valued at an average market-related value.

Taxes

Taxes include grants in lieu of property taxes, school taxes and other levies.

Depreciation

Depreciation is provided on all depreciable assets in service as at the beginning of each year based on the average service life of the assets and is generally computed using the straight-line method.

Fixed Assets

Fixed assets in service consist principally of land, water rights, storage dams and plant for the generation, transmission and distribution of electricity, and include the cost of plant financed by contributions in aid of construction and contributions arising from the Columbia River Treaty.

Fixed assets are carried at cost which includes materials, direct labour and appropriate portions of engineering, administration and finance charges.

The costs of any capital development studies which are deferred for more than one year are amortized on a straight-line basis at 20% per annum during the deferral period. Capital projects which are deferred, but for which there is a reasonable probability of proceeding, have a provision made for any reduction in the value of project costs. The costs of capital development studies and capital projects which are abandoned or subject to indefinite postponement are written off, except where it is management's intention to recover the costs through future revenues, in which case the costs are amortized on a straight-line basis over the expected period of recovery.

Finance Charges Capitalized

B.C. Hydro capitalizes finance charges at rates equivalent to the cost of borrowing those funds expended on construction projects during each year of construction.

Temporary Investments

Temporary investments are valued at the lower of cost and market value.

Materials and Supplies

Materials and supplies are valued at average cost, less provisions for decline in value.

Property Held For Sale

Property held for sale is valued at the lower of cost and estimated net realizable value.

Demand Side Management Programs

Expenditures on Demand Side Management programs, which comprise Power Smart programs and other incentive programs, include materials, direct labour and applicable portions of administration charges, equipment costs, program advertising and incentives.

Expenditures on Power Smart programs for energy conservation are deferred and amortized on a straight-line basis over seven years, except for certain initial costs which are expensed as incurred. These initial costs are incurred to determine the ultimate feasibility of the project.

Incentives provided to assist in the construction of facilities for the production of energy by third parties are deferred and amortized on a straight-line basis over the period that benefits are received from the operation of the facilities.

Foreign Currency Translation

Long-term debt, sinking funds, current assets and current liabilities which are denominated in a foreign currency and are not hedged are translated into Canadian currency at the rate of exchange prevailing at the balance sheet date. U.S. currency liabilities which are hedged are converted at the rate established by the terms of the hedge instrument.

Unrealized gains and losses arising from the translation of long-term debt and sinking funds are deferred and amortized over the remaining term of the debt. The annual amortization is determined on a sum-of-the-years'-digits method, except that for the last four years the unamortized balance is written off on a straight-line basis. Foreign exchange gains and losses on current assets and current liabilities are included in income.

Debt Discount and Issue Costs

Discount and issue costs on bonds, notes and debentures are amortized on a straight-line basis over the term of the respective debt.

Deferred Energy Costs

Energy generation and purchase requirements are determined based on long-term system supply and demand projections. In any year, water flow conditions and weather patterns may result in the acquisition of energy to meet energy requirements. The cost of energy acquired for the integrated system is recorded in the deferred cost of energy account. These costs are accumulated on a pooled basis and charged first to electricity trade with any residual balance amortized to domestic cost of energy over a twelve month period.

Deferred Revenue

Deferred revenue consists of amounts received under the Skagit River Agreements. These amounts are deferred and included in income on an annuity basis over the energy delivery period ending in fiscal 2066.

Contributions

Contributions in aid of construction are amounts received from certain customers toward the costs of the extension of services. These amounts are amortized over the estimated service lives of the related assets at an amount equal to the corresponding annual provision for depreciation. Contributions received in respect of unfinished construction are amortized once the assets are placed in service.

Contributions arising from the Columbia River Treaty are amortized over the period ending in fiscal 2025, the minimum term of the Treaty, at an amount equal to the corresponding annual provision for depreciation of the related assets.

Note 2 Regulation

Revenues include approved rate increases of 3.0% effective November 15, 1989 and 1.5% effective April 1, 1990. A further increase of 1.5% effective April 1, 1991 has also been approved by the Commission.

On April 30, 1990, the Commission directed B.C. Hydro to create a rate stabilization account, effective April 1, 1990, derived from all net income in excess of an interest coverage ratio of 1.3:1. As B.C. Hydro's interest coverage for fiscal 1991 was less than 1.3, there were no transfers to the rate stabilization account. Under the same order, the Commission rescinded its previous directive regarding rate stabilization and, therefore, the balance in the related rate stabilization account was transferred to income in fiscal 1990.

Note 3 Cost of Energy

	1991			1990		
	Domestic	Electricity Trade	Total	Domestic	Electricity Trade	Total
Water rentals	$ 199	$ —	$ 199	$ 196	$ —	$ 196
Amortization of deferred energy costs	22	—	22	24	—	24
Other energy costs	20	42	62	8	65	73
Transmission charges	1	12	13	1	9	10
	$ 242	$ 54	$ 296	$ 229	$ 74	$ 303

Water rentals are amounts levied by the Province on the use of water in hydroelectric generation. Transmission charges are paid to other utilities for the use of their transmission lines.

In order to provide security of service to domestic customers, B.C. Hydro purchases energy from third parties and operates the Burrard Thermal Generating Plant based on long-term system supply and demand forecasts. The nature of the B.C. Hydro system can result in situations where surplus energy is available. This surplus may be traded on an "as available" basis as secondary hydroelectric power. In the determination of cost of energy the highest marginal cost is charged to electricity trade.

Note 4 Finance Charges

	1991	1990
Interest on bonds, notes and debentures	$ 778	$ 720
Interest on revolving borrowings	185	207
Amortization of deferred charges:		
Foreign exchange gains and losses	–	1
Debt discount and issue costs	4	4
Other	13	12
	980	944
Less income from:		
Sinking fund investments	142	111
Temporary investments	57	25
Term debenture	28	32
	227	168
	753	776
Less finance charges capitalized	14	8
	$ 739	$ 768

The effective rate for finance charges capitalized to unfinished construction for fiscal 1991 was 12.0% (1990 – 11.6%).

Note 5 Other Income

During fiscal 1990 B.C. Hydro sold its head office building for proceeds of $56 million and a net gain of $41 million which was included in other income. Other income for fiscal 1990 also included $23 million transferred from the rate stabilization account to income (Note 2).

Note 6 Preferred Funding and Distributions to the Province

In fiscal 1989, the Province provided $235 million of term cumulative preferred funding to B.C. Hydro. The preferred funding is redeemable in November 2008. The Province is entitled to an annual distribution that approximates market borrowing rates on the preferred funding. Payments of the annual distribution, which are cumulative, may be deferred in any year by the Board of Directors. A $31 million distribution on the preferred funding was accrued in respect of the year ended March 31, 1991. During fiscal 1990, an $11 million distribution was declared and paid in respect of the year ended March 31, 1989 and a further $29 million distribution was declared and accrued in respect of the year ended March 31, 1990.

Under an Order in Council (the "Order") dated October 5, 1989, B.C. Hydro is required to make an annual total distribution to the Province. This distribution is to be confirmed, on or before June 30 following each fiscal year-end, by the Board of Directors of B.C. Hydro and is to be determined, for fiscal years subsequent to the year ending March 31, 1990, as follows:

a) The distribution will be nil when debt as a percentage of debt plus equity ("debt/equity ratio") is greater than 80%;
b) The distribution will be equal to 75% of distributable surplus, as defined under the Order, when the debt/equity ratio is between 75% and 80%;
c) The distribution will be equal to 90% of distributable surplus when the debt/equity ratio is less than 75%.

Equity is defined in the Order as deferred credits, preferred funding and retained earnings less the distributions paid or payable to the Province. Debt is defined as revolving borrowings, bonds, notes and debentures net of related sinking funds, temporary investments, repurchased debt and a term debenture receivable. Distributable surplus is defined as consolidated net income adjusted for finance charges capitalized.

The total distribution, as determined above, is to be comprised of distributions on the preferred funding, to the extent they are declared, and a general distribution, representing the balance, out of distributable surplus.

For the year ended March 31, 1991 a total distribution to the Province of $145 million was accrued, comprised of the distribution on the preferred funding of $31 million and a general distribution of distributable surplus in the amount of $114 million.

For the year ended March 31, 1990, the Order specifically required B.C. Hydro to make a total distribution to the Province of $130 million, comprised of the distribution declared on the preferred funding of $29 million and a general distribution of distributable surplus in the amount of $101 million.

Note 7 Fixed Assets

	As at March 31, 1991						As at March 31, 1990	
	Fixed Assets in Service			Unfinished Construction*	Total Net Book Value	Composite Depreciation Rate	Total Net Book Value	Composite Depreciation Rate
	Original Cost	Accumulated Depreciation	Net Book Value					
Generation	$ 5,072	$ 1,047	$ 4,025	$ 114	$ 4,139	1.56%	$ 4,130	1.56%
Transmission	2,362	620	1,742	12	1,754	2.26	1,799	2.25
Transformation	1,369	445	924	16	940	2.92	913	2.93
Distribution	1,729	599	1,130	92	1,222	3.14	1,113	3.12
Buildings, furniture and equipment	421	179	242	76	318	7.65	311	6.09
Other properties	38	17	21	–	21	2.00	26	1.89
Service vehicles	64	44	20	–	20	8.04	16	9.42
Research and development	44	9	35	–	35	3.13	37	2.77
Total	$ 11,099	$ 2,960	$ 8,139	$ 310	$ 8,449		$ 8,345	

*Unfinished construction includes $69 million (1990 – $78 million) of unamortized costs relating to the Site C, Keenleyside and Murphy Creek projects.

Note 8 Loan Receivable

B.C. Hydro has provided an interest-free loan to a customer to assist in the construction of an electrical generating facility. The date of repayment of the loan is contingent upon the timing of the advances made under the loan agreement and is expected to occur within the next five years. The loan is secured by a charge on the facility and related land.

The cost to B.C. Hydro of providing the interest-free loan has been deferred and will be amortized on a straight-line basis over the period that benefits are received from the operation of the facility.

Note 9 Long-Term Debt

	As at March 31, 1991					As at March 31, 1990				
	U.S.	(*%)	Cdn.	(*%)	Total	U.S.	(*%)	Cdn.	(*%)	Total
Maturing in:										
1991	$ —		$ —		$ —	$ 1	(5.6)	$ 121	(8.2)	$ 122
1992	87	(5.8)	259	(7.4)	346	88	(5.8)	259	(7.4)	347
1993	245	(13.0)	174	(7.2)	419	246	(13.0)	174	(7.2)	420
1994	—		916	(11.0)	916	—		716	(10.8)	716
1995	—		324	(9.0)	324	—		324	(9.0)	324
1996	—		87	(8.4)	87	—		—		—
1–5 years	332	(11.0)	1,760	(9.6)	2,092	335	(11.0)	1,594	(8.8)	1,929
6–10 years	—		831	(9.6)	831	—		622	(8.8)	622
11–15 years	181	(6.3)	1,501	(10.4)	1,682	—		1,659	(10.4)	1,659
16–20 years	439	(8.5)	441	(12.2)	880	618	(8.8)	428	(11.5)	1,046
21–25 years	1,450	(14.3)	—		1,450	1,463	(14.3)	150	(13.5)	1,613
26–30 years	—		300	(10.6)	300	—		—		—
Bonds, notes and debentures	2,402 ($US 2,055)	(12.2)	4,833	(10.1)	7,235	2,416 ($US 2,051)	(12.5)	4,453	(10.0)	6,869
Less:										
Sinking funds	408 ($US 352)		1,040		1,448	344 ($US 294)		850		1,194
Term debenture	—		225		225	—		300		300
Repurchased debt	472 ($US 405)		—		472	148 ($US 124)		—		148
Net bonds, notes and debentures	1,522 ($US 1,298)		3,568		5,090	1,924 ($US 1,633)		3,303		5,227
Revolving borrowings	—		1,768		1,768	69 ($US 59)		1,431		1,500
Long-term debt	$ 1,522		$ 5,336		$ 6,858	$ 1,993		$ 4,734		$ 6,727

*Weighted average coupon rate

B.C. Hydro's long-term debt comprises bonds, notes and debentures, almost all of which have annual sinking fund requirements, and revolving borrowings obtained under a borrowing agreement with the Province. Long-term debt is presented net of sinking funds, a term debenture receivable which has been committed to debt repayments and debt repurchased from the market. Repurchased debt includes related premiums or discounts. The March 31, 1991 foreign exchange rate used by B.C. Hydro was 86.30 U.S. cents per Canadian dollar (1990 – 85.46 U.S. cents).

During the year ended March 31, 1991, B.C. Hydro issued the following bonds and debentures:

Coupon Rate%	Effective Rate%	Series	Issue Date	Maturity Date	Principal	
11.625	12.687	HK	May 7, 1990	March 22, 1994	$ 200	
Floating	Floating	HL	May 25, 1990	March 5, 2000	47	($US 40)
10.6	10.719	HM	September 5, 1990	September 5, 2020	300	
Floating	Floating	HN	November 29, 1990	June 1, 2005	181	($US 155)
					$ 728	

Bonds and debentures in the principal amount of Cdn. $121 million and U.S. $1 million matured during fiscal 1991. In addition, Series HL was refinanced from revolving borrowings.

The Series HM debt issue carried one detachable warrant for each $1,000 issued. A warrant entitles the holder to purchase $1,000 of new bonds anytime before September 5, 1991 at the same terms as the original issue. As of March 31, 1991 virtually all of the warrants were outstanding.

Note 9 Long-Term Debt (con't)

Guarantee by the Province of British Columbia
B.C. Hydro's outstanding debt is either held or guaranteed as to principal, interest and premium, if any, by the Province.

Sinking Funds for Bonds, Notes and Debentures
Sinking funds are held by the Trustee, the Minister of Finance and Corporate Relations for the Province. Sinking fund income is recorded as a reduction of finance charges.

	1991	1990
Sinking funds at beginning of year	$ 1,194	$ 1,157
Instalments	156	77
Income	142	111
	298	188
Less:		
Debt repayments	(36)	(100)
Debt extinguishment and cancellation	—	(43)
Surpluses recovered	—	(16)
Foreign exchange adjustments	(8)	8
Net change in sinking funds	254	37
Sinking funds at end of year	$ 1,448	$ 1,194

Term Debenture
A term debenture was issued to B.C. Hydro by BC Gas Inc. in part settlement of the sale of the Mainland Gas Service in fiscal 1989. B.C. Hydro has entered into a trust arrangement with the Province whereby the interest and principal payments from BC Gas Inc. are to be applied against B.C. Hydro's general indebtedness to the Province.

The term debenture bears interest at 10.75% per annum payable semi-annually and is repayable in three equal annual payments of $75 million on October 1, 1991, 1992 and 1993. The debenture is secured by a first fixed mortgage on the assets of the Coastal Division of BC Gas Inc. BC Gas Inc. may repay the debenture at an earlier date.

Repurchased Debt
Repurchased debt comprises B.C. Hydro bonds, notes and debentures purchased from the market but not cancelled or otherwise extinguished.

Revolving Borrowings
Funds obtained under a borrowing agreement with the Province will be repaid either from the issue of bonds, notes or debentures or from further revolving borrowings which will be extended beyond the next fiscal year. They have, therefore, been classified as long-term debt. The borrowings are recorded net of any sinking funds specifically related to the borrowings, which in fiscal 1991 were nil and in fiscal 1990 were $375 million. The borrowings under the agreement are unsecured, have an authorization limit of $2.0 billion and bear interest at prevailing money market rates. At March 31, 1991 these funds had a weighted average term to maturity of 212 days (1990 – 254 days) at a weighted average cost of 11.0% (1990 – 11.6%).

Debt Management Program
During fiscal 1991, B.C. Hydro redeemed U.S. $150 million of bonds under the terms of an early call provision. The accounting gain of $4 million arising from this transaction has been included in finance charges.

During fiscal 1990, B.C. Hydro placed sufficient government guaranteed securities into an irrevocable trust to satisfy the scheduled interest and bond principal repayment requirements of Cdn. $63 million. In addition, during 1990 B.C. Hydro purchased and cancelled Cdn. $27 million of bonds and a further U.S. $100 million was redeemed under the terms of an early call provision. The accounting loss of $5 million arising from these transactions was included in finance charges.

Extinguished Debt
As at March 31, 1991, a total of Cdn. $486 million (1990 – Cdn. $505 million) of debt comprising Cdn. $163 million and U.S. $268 million, together with related securities, has been removed from B.C. Hydro's consolidated balance sheet and is considered extinguished for financial reporting purposes.

Note 9 Long-Term Debt (con't)

Cash Requirements

Total maturity payments and sinking fund instalments on bonds, notes and debentures outstanding as at March 31, 1991, by year of payment, are disclosed in the following table. U.S. cash requirements are shown in U.S. dollars. As at March 31, 1991, there were 108 Canadian dollar (1990 – 108) and 12 U.S. dollar (1990 – 12) bond, note or debenture issues outstanding.

	Sinking Funds		Net Debt Maturities*		Total	
	U.S.	Cdn.	U.S.	Cdn.	U.S.	Cdn.
1992	$ 21	$ 47	$ –	$ 179	$ 21	$ 226
1993	18	45	98	108	116	153
1994	18	44	–	862	18	906
1995	18	42	–	177	18	219
1996	18	41	–	–	18	41
1992 – 1996	93	219	98	1,326	191	1,545
1997 – 2001	91	173	–	115	91	288
2002 – 2006	88	71	–	96	88	167
2007 – 2011	63	23	–	99	63	122
2012 – 2016	9	13	217	–	226	13
2017 – 2021	–	3	–	–	–	3
	$ 344	$ 502	$ 315	$ 1,636	$ 659	$ 2,138

*Net debt maturities are determined after deducting sinking funds, including income thereon, estimated to be available at maturity. The estimated sinking fund income to maturity is based on assumed earnings of 10% on existing and future Canadian dollar sinking fund investments and 8% for U.S. dollar sinking fund investments.

None of the above cash requirements are considered current as at March 31, 1991 as management intends to finance the payments from the issue of bonds, notes or debentures or from further revolving borrowings which will be extended beyond the next fiscal year.

Hedged U.S. Dollar Debt

As at March 31, 1991, U.S. $312 million (1990 – U.S. $117 million) of debt and future sinking fund instalments were hedged with forward foreign exchange contracts and currency swaps. A further U.S. $703 million (1990 – U.S. $425 million) of debt was hedged by the holding of U.S. dollar denominated securities in sinking funds and repurchased debt. As a result of these transactions, as at March 31, 1991 B.C. Hydro had a net foreign currency exposure in U.S. dollar debt of U.S. $1,040 million (1990 – U.S. $1,568 million).

Redemption Provisions

Certain B.C. Hydro debt held by the Canada Pension Plan Investment Fund and by the Minister of Finance and Corporate Relations for the Province contains provisions allowing holders to redeem the debt prior to maturity, in whole or in part, subject to certain restrictions. At March 31, 1991, this debt amounted to $747 million (1990 – $772 million) net of related sinking funds.

Note 10 Pension Plan

Employees of B.C. Hydro contribute to a jointly-funded pension plan which provides a defined benefit pension based on years of membership service and highest five-year average pensionable earnings. A portion of the required contributions under the plan is applied to provide for annual cost-of-living increases (indexing) to pension recipients. B.C. Hydro contributes amounts as prescribed by the actuary in respect of basic contributions and matches the employees' indexing contribution such that the funding matches the current service cost of the pension plan. In addition, B.C. Hydro made special annual contributions of $2 million in fiscal 1991 and $4 million in fiscal 1990 to fund past service pension costs and accrued deficits which arose in prior years from plan amendments and changes in actuarial assumptions. During fiscal 1991, pension plan enhancements were made which have increased the estimated present value of the actuarial liability by $24 million.

Annual actuarial valuations are obtained to estimate the present value of the plan liability for pension benefits accrued to the date of the valuation. These actuarial liabilities are compared with the average market-related value of the pension plan assets to determine whether a net pension surplus or deficit exists. Based upon an extrapolation from preliminary actuarial valuation results as at December 31, 1990, the estimated present value of accrued pension benefits was $872 million as at March 31, 1991 and the pension plan assets available for these benefits at that date amounted to $907 million, resulting in a surplus of $35 million.

FINANCIAL STATISTICS

for the years ended or as at March 31
(dollar amounts in millions)

	1991	1990
Revenue	$ 1,909	$ 1,821
Cost of energy	296	303
Gross Margin	1,613	1,518
Expenses		
Operations, maintenance and administration	339	350
Taxes	99	102
Depreciation	229	202
Finance charges	739	768
	1,406	1,422
Operating Income (Loss)	207	96
Net rate stabilization transfers		23
Other income[1]		41
Extraordinary items		
Net Income (Loss)	$ 207	$ 160
Net Income (Loss) By Source		
Domestic	$ 166	$ 55
Electricity trade (stabilized)	41	64
Other income[1]		41
Extraordinary items		
Net Income (Loss)	$ 207	$ 160
Fixed Assets[2]		
At cost	$ 11,409	$ 11,075
Less: Accumulated depreciation	2,960	2,730
	$ 8,449	$ 8,345
Fixed asset expenditures	$ 373	$ 346
Less: Contributions in aid of construction	52	40
Net fixed asset expenditures	$ 321	$ 306
Debt[3]	$ 6,858	$ 6,727
Employees[2]		
Regular	5 006	4 904
Temporary	1 064	857
	6 070	5 761

[1] 1990 is the gain on the sale of the Head Office building, 1982 to 1989 is net income from the Gas and Rail businesses.
[2] The Gas and Rail businesses were sold in 1989. The assets and employees of these businesses have been excluded from these statistics.
[3] Restated to conform with 1991 financial presentation.

1989	1988	1987	1986	1985	1984	1983	1982
$ 1,769	$ 1,718	$ 1,579	$ 1,647	$ 1,513	$ 1,230	$ 1,174	$ 1,130
264	274	229	257	211	172	170	118
1,505	1,444	1,350	1,390	1,302	1,058	1,004	1,012
269	258	226	243	270	230	223	216
80	74	119	100	117	108	103	88
217	211	207	191	208	216	159	133
872	827	854	874	739	480	442	378
1,438	1,370	1,406	1,408	1,334	1,034	927	815
67	74	(56)	(18)	(32)	24	77	197
15	(38)	107	(4)	(8)	14	(19)	(90)
4	19	16	31	25	13		13
		(42)				(77)	
$ 86	$ 55	$ 25	$ 9	$ (15)	$ 51	$ (19)	$ 120
$ 10	$ (36)	$ (112)	$ (200)	$ (171)	$ (39)	$ (2)	$ (1)
72	72	163	178	131	77	60	108
4	19	16	31	25	13		13
		(42)				(77)	
$ 86	$ 55	$ 25	$ 9	$ (15)	$ 51	$ (19)	$ 120
$ 10,765	$ 10,435	$ 10,344	$ 10,152	$ 9,662	$ 7,509	$ 7,068	$ 6,737
2,520	2,298	2,092	1,909	1,707	1,552	1,403	1,260
$ 8,245	$ 8,137	$ 8,252	$ 8,243	$ 7,955	$ 5,957	$ 5,665	$ 5,477
$ 210	$ 163	$ 157	$ 195	$ 443	$ 782	$ 999	$ 991
25	30	27	34	31	30	65	29
$ 185	$ 133	$ 130	$ 161	$ 412	$ 752	$ 934	$ 962
$ 6,774	$ 7,682	$ 8,021	$ 8,490	$ 8,569	$ 7,576	$ 7,064	$ 6,602
4 510	4 851	5 003	5 179	5 729	6 643	7 067	7 431
677	527	378	323	358	420	420	1 076
5 187	5 378	5 381	5 502	6 087	7 063	7 487	8 507

OPERATING STATISTICS

for the years ended or as at March 31

	1991	1990
Generating Nameplate Capacity[1]		
(megawatts)		
Hydroelectric	9 332	9 332
Thermal	1 134	1 135
Total	10 466	10 467
Peak One-Hour Demand Integrated System		
(megawatts)	8 122	7 373
Customers		
Residential	1 137 625	1 111 143
General	149 120	150 601
Transmission	88	87
Other	2 734	2 705
Electricity trade	23	21
Total	1 289 590	1 264 557
Electricity Sold		
(gigawatt-hours)		
Residential	11 370	10 880
General	13 065	12 661
Transmission	14 879	14 463
Other	1 197	1 026
Domestic	40 511	39 030
Electricity trade	3 480	3 713
Total	43 991	42 743
Domestic change over previous year (%)	3.8	3.2
Electric Revenues		
(in millions)		
Residential	$ 642	$ 598
General	637	599
Transmission	448	420
Other	57	51
Rents and miscellaneous	30	38
Domestic	1,814	1,706
Electricity trade	95	115
Total	$ 1,909	$ 1,821
Average Revenue		
(cents per kilowatt-hour)		
Residential	5.6	5.5
General	4.9	4.7
Transmission	3.0	2.9
Other	4.8	5.0
Electricity trade	2.7	3.1
Average Annual Kilowatt-Hour Use Per Residential Customer	10 089	9 889
Lines In Service		
Distribution (kilometres)[2]	51 100	49 761
Transmission (circuit kilometres)	17 589	17 502

[1] Excludes electricity available from other systems. Rated capacity has been exceeded on occasion.

[2] 1984 to 1991 includes B.C. Hydro lines on private property.

1989	1988	1987	1986	1985	1984	1983	1982
9 332	9 332	9 332	9 332	9 332	7 489	7 491	7 491
1 135	1 141	1 149	1 151	1 171	1 271	1 341	1 347
10 467	10 473	10 481	10 483	10 503	8 760	8 832	8 838
7 485	6 830	6 345	6 816	6 193	6 215	5 508	5 902
1 084 569	1 062 213	1 041 784	1 023 468	1 005 533	987 659	967 754	943 587
146 270	142 707	139 936	137 051	134 018	133 652	132 383	130 818
85	80	81	72	67	70	65	62
2 688	2 527	2 445	2 353	2 265	2 336	2 227	2 433
20	23	20	21	22	16	13	14
1 233 632	1 207 550	1 184 266	1 162 965	1 141 905	1 123 733	1 102 442	1 076 914
10 802	9 986	9 779	9 649	9 667	9 067	8 790	8 755
12 377	11 695	11 137	10 770	10 285	9 957	9 736	9 727
13 606	13 412	12 582	11 681	10 957	9 240	9 040	9 305
1 048	996	919	757	593	805	1 074	1 177
37 833	36 089	34 417	32 857	31 502	29 069	28 640	28 964
4 884	9 481	4 665	9 407	6 378	2 834	3 623	6 315
42 717	45 570	39 082	42 264	37 880	31 903	32 263	35 279
4.8	4.9	4.7	4.3	8.4	1.3	(1.1)	2.6
$ 588	$ 548	$ 539	$ 517	$ 509	$ 448	$ 410	$ 348
579	547	524	498	469	425	389	328
397	373	348	322	307	239	228	161
50	48	46	37	28	31	34	30
46	18	29	21	18	12	14	24
1,660	1,534	1,486	1,395	1,331	1,155	1,075	891
109	184	93	252	182	75	97	233
$ 1,769	$ 1,718	$ 1,579	$ 1,647	$ 1,513	$ 1,230	$ 1,172	$ 1,124
5.4	5.5	5.5	5.4	5.3	4.9	4.7	4.0
4.7	4.7	4.7	4.6	4.6	4.3	4.0	3.4
2.9	2.8	2.8	2.8	2.8	2.6	2.5	1.7
4.8	4.9	5.1	4.9	4.8	3.8	3.1	2.6
2.2	1.9	2.0	2.7	2.9	2.7	2.7	3.7
9 738	9 470	9 457	9 485	9 670	9 274	9 198	9 420
48 640	47 754	47 178	46 533	45 795	44 737	42 231	40 789
17 130	17 056	17 056	17 197	16 996	16 701	16 543	16 098

TOTAL REQUIREMENTS FOR ELECTRICITY AND SOURCES OF SUPPLY

for the years ended March 31

	1991		1990	
	Gigawatt hours	%	Gigawatt hours	%
Requirements				
Domestic	40 511	83.2	39 030	83.1
Electricity trade	3 480	7.2	3 713	7.9
	43 991	90.4	42 743	91.0
Line loss and system use	4 687	9.6	4 237	9.0
	48 678	100.0	46 980	100.0
Sources Of Supply				
Hydroelectric generation:				
Gordon M. Shrum	12 192	25.0	11 434	24.4
Revelstoke	8 345	17.1	6 543	13.9
Mica	7 719	15.9	5 498	11.7
Kootenay Canal	3 819	7.8	3 442	7.3
Seven Mile	3 528	7.3	3 248	6.9
Peace Canyon	3 095	6.4	2 896	6.2
Bridge River	2 341	4.8	2 212	4.7
Other	4 990	10.3	4 516	9.6
Thermal generation:				
Burrard	1 088	2.2	4 143	8.8
Other	136	0.3	143	0.3
Purchases and other transactions	1 425	2.9	2 905	6.2
	48 678	100.0	46 980	100.0

GENERATING NAMEPLATE CAPACITY

as at March 31, 1991

	Megawatts
Hydroelectric Plants	
Gordon M. Shrum	2 416
Revelstoke	1 843
Mica	1 736
Peace Canyon	700
Seven Mile	608
Kootenay Canal	529
Bridge River	428
Other	1 072
Total hydroelectric	9 332
Thermal Plants	
Burrard	912
Gas turbine	146
Diesel	76
Total thermal	1 134
Total Generating Capacity	10 466

Board of Directors

DEFHJ W. Robert Wyman, *Chairman**,
(Vancouver)

AHIJ A. Neil Eyben
(Langley)

B Sidney W. Forstrom
(Powell River)

FHI David K. Lane
(Terrace)

BJ Kenneth D. Magnes
(Revelstoke)

CDGI Arthur L. Meyers
(Courtenay)

FJ Diane Piket
(Castlegar)

AJ J. Guy Rose
(Quilchena)

CE William L. Sauder
(Vancouver)

ADFH Sandra D. Sutherland, Q.C.
(Vancouver)

ABGI John S. Waldie
(Victoria)

CJ Patrick D. Walsh
(Fort St. John)

E The Hon. Jack Weisgerber
(Dawson Creek)

B John F. Whitmer
(Prince George)

Committees of the Board of Directors

A Audit

B Budget

C Executive Compensation

D Corporate Donations

E Executive

F Information Management

G Commonwealth Games

H Pension Investment and Liability Management

I Properties

J Environmental

Officers

W. Robert Wyman*
Chairman and
Chief Executive Officer

Raymond H. Hunt**
President and
Chief Operating Officer

Darlene M. Barnett
General Counsel and
Corporate Secretary

Myra E.M. Watson
Associate Corporate Secretary

Gary M. Salmon
Chief Engineer

Vice-Presidents***

Darlene M. Barnett
Legal Services

Christopher W.J. Boatman
Power Smart

H.D. Ken Epp
Resource Management

E.O. Field
Customer Services

Frank J. Klassen
Finance and Administration

John P. Sheehan
Environmental and
Corporate Affairs

P. Donald Swoboda
Production

R. Blair Trousdell (Acting)
Human Resources

Financial Officers

Frank J. Klassen
Chief Financial Officer

David A. Harrison
Corporate Comptroller

John N. Shaw
Treasurer

* W. Robert Wyman was appointed Chairman and Chief Executive Officer and Director effective March 1, 1991, following the resignation of Lawrence I. Bell.

** Raymond H. Hunt was appointed President and Chief Operating Officer as of July 15, 1991.

*** Approved by the Board on June 17, 1991.

Copies of this Annual Report, the B.C. Hydro Corporate Business Plan, or the Directions Employee Publication are available by writing our Information Centre or telephoning (604) 663-2114 or faxing (604) 663-3515.

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